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AICPA. MANDATORY CPE
SPECIAL COMMITTEE. Report.
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REPORT
OF THE
SPECIAL COMMITTEE ON MANDATORY CPE

American Institute of
Certified Public Accountants
New York, New York

**REPORT OF THE SPECIAL COMMITTEE ON
MANDATORY CONTINUING PROFESSIONAL EDUCATION**

The Special Committee on Mandatory CPE was appointed to prepare a position paper on the need for a mandatory requirement for continuing professional education (CPE) and to recommend, if necessary, changes in the American Institute of Certified Public Accountants' (AICPA) policies pertaining to CPE. The committee's objective, as defined in the committee's charge, was:

To develop a position paper setting forth the rationale for the AICPA's legislative position for mandatory continuing education. During the course of developing that paper, the committee should review policy positions pertaining to mandatory continuing education and propose changes in those policies as found to be needed.

The committee's deliberations resulted in the decision to discuss the following issues in the position paper:

- Is the public interest served by a mandatory CPE requirement? (see page 3)
- Does CPE increase the competence of those who attend CPE courses? (see page 6)
- Would CPAs take CPE on a voluntary basis in the absence of a CPE requirement? Do voluntary CPE programs provide the public with assurance as to competence of CPAs? (see page 9)
- Does the cost of CPE increase CPA fees significantly? (see page 11)
- Can CPAs in nonurban areas satisfy a mandatory CPE requirement? (see page 12)
- Are quality reviews a substitute for CPE? (see page 13)

- Should a biennial or triennial examination be available as an alternative to CPE? (see page 14)
- Why require 40 hours of CPE annually instead of 24 hours, or 18 hours, or some other amount? (see page 16)
- Are CPE regulations reasonable? (see page 16)
- Should state board regulations prescribe the proportions of 40 hours to be allocated to accounting and auditing, income taxes, and management advisory services? (see page 16)

In addition to the foregoing issues, the committee also deliberated on the following issues but decided not to include them in the position paper for the reasons given.

- Should CPE courses be accredited?

The committee decided that an accreditation program may seem desirable but can create an administrative burden for which the cost is likely to exceed the benefits. Therefore, the committee does not recommend that such a program be undertaken at this time. The committee believes it is desirable to have guidelines and standards for CPE courses but feels it is wise to stop short of specific course accreditation.

- Should a test be required at the end of a CPE requirement?

While an examination upon the completion of a CPE course appears to be a theoretically sound idea, it would be impractical to implement. Developing and grading tests for each CPE course would be very expensive and would outweigh benefits. Furthermore, since CPE credits are sometimes earned at non-accounting conferences and courses, it would be impractical to test CPAs who attend such presentations.

- Should nontechnical CPE courses, such as those dealing with time-management, be accepted as fulfilling CPE requirements in part?

Because of the problem in defining "soft" courses, the committee decided not to address this issue. The position paper does state, however, that individual CPAs should be the judge of whether or not to take a particular type of course for credit and recommends flexibility in acceptance of courses and qualifying for CPE credit. The committee members do not feel that this privilege has been abused.

- Why should mandatory CPE be imposed on CPAs and not all professionals?

The committee decided not to address this issue because it did not think a discussion of relative educational needs served a useful purpose. The committee concluded that, regardless of the conclusion reached on this issue, it does not mitigate the need for CPAs to take continuing education. Also, the committee respected the right of each profession to address the issue for itself.

- Should public accountants (PAs) be subject to mandatory CPE?

The committee decided that it was not desirable to address this question in its paper. The committee did conclude that all affected by the same licensing and regulation should have similar requirements but recognized that political conditions within a jurisdiction would, of necessity, impact positions to be taken in legislative matters.

In conjunction with the committee's reexamination of the AICPA's CPE policy positions, it was noted that CPE is one of several mechanisms that protect the public against substandard practice. Entry level requirements, quality reviews, and enforcement and disciplinary proceedings are additional mechanisms which

are used to protect the public. The members believe mandatory CPE is most effectively proposed or defended as an integral part of a multifaceted licensing and regulatory program.

The committee believes that the need for mandatory CPE will become more evident once the commonly raised issues are addressed. The position paper addresses those issues. This paper is intended to be educational, and it has been directed to legislators and regulators. Also, early findings of empirical research have been supportive of mandatory CPE. Both Colorado and Massachusetts studies on the efficacy of mandatory CPE support its use.

Basic policy matters concerning the CPE issue have been thoroughly examined by the committee members. They unanimously agreed that the accounting profession's CPE policy is sound. The members reached the following conclusions:

- The Public Interest is Served by Mandatory CPE for CPAs.
- CPE Is Needed to Maintain Professional Competence.
- CPE Should be Mandatory Rather Than Voluntary
- Mandatory CPE Is Cost-Effective.
- CPAs in Nonurban Areas Can Satisfy a Mandatory CPE Requirement.
- Peer Reviews Are Not a Substitute for Mandatory CPE.
- Reexamination Is Not an Alternative to CPE.

- Mandatory CPE Requirements Should Be Flexible.

After much deliberation, the accompanying position paper on mandatory CPE was approved by the committee. The committee members believe that this paper will be helpful to those concerned with enacting, retaining, or improving CPE laws.

Respectfully submitted,

Special Committee on Mandatory
Continuing Professional Education

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